

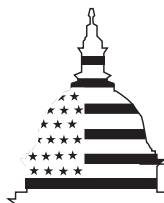
GAO

Report to the Ranking Member,
Committee on Veterans' Affairs,
U.S. Senate

March 2008

VA HEALTH CARE

Additional Efforts to Better Assess Joint Ventures Needed



G A O

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Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE MAR 2008		2. REPORT TYPE		3. DATES COVERED 00-00-2008 to 00-00-2008	
4. TITLE AND SUBTITLE VA Health Care. Additional Efforts to Better Assess Joint Ventures Needed				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) U.S. Government Accountability Office, 441 G Street NW, Washington, DC, 20548				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 48	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			



Highlights of [GAO-08-399](#), a report to the Ranking Member, Committee on Veterans' Affairs, U.S. Senate

Why GAO Did This Study

The Department of Veterans Affairs (VA) and the Department of Defense (DOD) have a long history of partnering to achieve more cost-effective use of health care resources. Their partnerships have evolved to include joint ventures—joint efforts to construct or share medical facilities. VA has maintained eight joint ventures with DOD across the country. VA has also developed partnerships, or affiliations, with university medical schools to obtain health care services for veterans and provide training to medical residents. VA has not entered into a joint venture with an academic affiliate to date. However, several proposals for such joint ventures have surfaced in the last decade.

This congressionally requested report discusses the (1) potential benefits and concerns associated with joint ventures and the extent to which they are documented and measured, (2) lessons learned from existing and proposed VA joint ventures, and (3) steps VA has taken to evaluate proposed joint ventures. To address these issues, GAO conducted site visits to and interviews with officials from all existing and proposed joint venture sites.

What GAO Recommends

GAO is recommending that the VA Secretary develop departmental performance measures for assessing joint venture outcomes and more specific criteria for evaluating joint venture proposals. VA generally agreed with GAO's findings and recommendations.

To view the full product, including the scope and methodology, click on [GAO-08-399](#). For more information, contact Randall Williamson at (202) 512-2834 or williamsonr@gao.gov.

VA HEALTH CARE

Additional Efforts to Better Assess Joint Ventures Needed

What GAO Found

VA and DOD officials identified a number of potential benefits and concerns associated with joint ventures, but they have not routinely or comprehensively documented and measured them. Among the potential benefits, VA and DOD officials and academic affiliate representatives cited improved access to care, lower or avoided costs, and improved training opportunities. While the identified benefits are many, these officials and representatives also cited a number of concerns associated with joint ventures, such as potential conflicts of missions and cultures, a loss of organizational identity and control, staffing uncertainties, and financial risks. Although able to provide anecdotal information of the benefits and concerns associated with joint ventures, officials at the joint ventures do not use performance measures to routinely or comprehensively document and assess the outcomes of the joint ventures. Without such efforts, it is difficult to know to what extent these benefits and concerns have materialized. VA also does not use performance measures at the department level to determine what is being achieved through the joint ventures—thereby making it difficult to determine the overall outcomes of the joint ventures and to hold joint venture partners accountable for results.

Officials from VA and DOD and representatives from academic affiliates identified several lessons they have learned from their experiences with the existing and proposed joint ventures. These lessons include the importance of establishing joint committees to work through issues, communicating frequently with their partners, securing leadership buy-in and support at all levels, developing contingency plans, allowing adequate time to implement change, and establishing clear roles and responsibilities. For example, at most VA-DOD joint venture sites, officials have created jointly staffed committees to tackle specific issues, such as clinical, financial, and information management. Also, in New Orleans, Louisiana, VA and its academic affiliate signed a memorandum of understanding that, among other things, identifies the roles and responsibilities of the parties involved in the proposed joint venture negotiations.

VA has taken steps to enhance its process for evaluating proposed joint ventures, but additional efforts are warranted. In response to our previous recommendations, VA developed and issued criteria for evaluating joint venture proposals in November 2007. In addition, VA established working groups in Charleston, South Carolina, and New Orleans to examine joint venture proposals with academic affiliates. However, VA's criteria for evaluating joint venture proposals are not sufficiently specific, in terms of both the definition and the application of the criteria. As a result, VA's evaluations of joint venture proposals could be inconsistent and, therefore, may not serve as a reliable guide for federal investments in joint ventures. In addition, the criteria are not tailored to take into account differences in prospective joint venture partners to ensure that VA applies the appropriate level of review and scrutiny to proposals.

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Abbreviations

DOD	Department of Defense
JIF	Joint Incentive Fund
LSU	Louisiana State University
MRI	magnetic resonance imaging
MUSC	Medical University of South Carolina
NDAA	Bob Stump National Defense Authorization Act for Fiscal Year 2003
UCH	University of Colorado Hospital
VA	Department of Veterans Affairs

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United States Government Accountability Office
Washington, DC 20548

March 28, 2008

The Honorable Richard Burr
Ranking Member
Committee on Veterans' Affairs
United States Senate

Dear Senator Burr:

For decades, Congress has encouraged the Department of Veterans Affairs (VA) and the Department of Defense (DOD) to increase their resource-sharing activities to achieve more cost-effective use of health care resources and to deliver health care services more efficiently. In 1982, Congress passed the Veterans' Administration and Department of Defense Health Resources Sharing and Emergency Operations Act (Sharing Act).¹ The Sharing Act authorizes VA and DOD to enter into sharing agreements or contracts with each other for the mutual use or exchange of health care resources, with the goal of improving access to, and the quality and cost-effectiveness of, the health care provided by the two departments. Since that time, VA has entered into a number of sharing arrangements with DOD to, for example, purchase emergency room services, specialty care, and inpatient care and to sell outpatient care and ambulatory services.² Starting in the 1990s, VA and DOD expanded their sharing agreements to include joint ventures—that is, joint efforts to construct or share medical facilities. VA has maintained eight joint ventures with DOD throughout the country. Congress and the administration have encouraged VA and DOD to look for more opportunities for joint ventures as a means of avoiding costs by maximizing available resources to build a new facility or to jointly use a facility. For example, in 2003, a presidential task force³ recommended that

¹The Sharing Act has been amended several times since 1982 and is codified at 38 U.S.C. § 8111.

²Health care services shared under these agreements include inpatient and outpatient care; ancillary services, such as diagnostic and therapeutic radiology; dental care; pharmacy services; and specialty care services, such as treatment for spinal cord injuries. Shared support services include administration and management, research, education and training, patient transportation, and laundry.

³The Presidential Task Force to Improve Health Care Delivery for Our Nation's Veterans was established by Executive Order 13214 in 2001 to promote resource sharing between VA and DOD.

VA and DOD declare that joint ventures are integral to the standard operations of both departments and use the existing joint ventures as laboratories for developing future interdepartmental policy frameworks.

VA also has a long history of developing partnerships, or affiliations, with university medical schools to help VA fulfill its mission of providing health care to the nation's veterans. As of January 2008, VA had affiliations with 107 medical schools. VA is further authorized to enter into sharing contracts or agreements for the mutual use or exchange of health care resources with its academic affiliates to secure health care resources that otherwise might not be feasibly available or to effectively use other health care resources.⁴ Although VA routinely obtains medical services for veterans from its academic affiliates and provides training and education to the medical residents of its academic affiliates, VA has not entered into a joint venture with an academic affiliate. However, opportunities for VA to enter into joint ventures with several academic affiliates, including affiliates in Charleston, South Carolina, and New Orleans, Louisiana, have surfaced over the last decade. Congress has shown an interest in VA's exploring possible joint ventures with academic affiliates. For example, in 2003, Congress required the Secretary of Veterans Affairs to study the feasibility of coordinating health care services with representatives of VA's academic affiliate, the Medical University of South Carolina (MUSC) in Charleston,⁵ and, in 2006, Congress authorized VA to collaborate with its academic affiliate, Louisiana State University (LSU), on rebuilding the two New Orleans medical centers destroyed during Hurricane Katrina.⁶

This report discusses the (1) potential benefits and concerns associated with joint ventures and the extent to which they are documented and measured, (2) lessons learned from existing and proposed VA joint ventures with DOD and academic affiliates, and (3) steps VA has taken to evaluate proposed joint ventures. To address these issues, we used a combination of site visits and semistructured interviews to obtain information from all eight existing VA-DOD joint ventures and the three proposed joint ventures between VA and academic affiliates. Specifically, we visited three existing VA-DOD joint venture locations in El Paso, Texas;

⁴38 U.S.C. §§ 8151-8153.

⁵Veterans Health Care, Capital Asset, and Business Improvement Act of 2003, Pub. L. No. 108-170 § 232, 117 Stat. 2042, 2052-2053 (2003).

⁶Veterans Benefits, Health Care, and Information Technology Act of 2006, Pub. L. No. 109-461, § 801, 120 Stat. 3403, 3442 (2006).

Las Vegas, Nevada; and North Chicago, Illinois. We also visited New Orleans, which is the site of a proposed joint venture between VA and the Louisiana State University Health Care Services Division.⁷ We conducted semistructured telephone interviews with officials from the remaining existing and proposed joint ventures.⁸ During the site visits and telephone interviews, we interviewed the parties involved in the existing or proposed joint ventures, including VA and DOD officials at the local and network level⁹ and representatives from the academic affiliates. In addition to the site visits and semistructured interviews, we reviewed agency documentation, reports, studies, and analyses on existing and proposed VA joint ventures, as well as legal authorities governing joint ventures between VA and DOD and between VA and its academic affiliates. We also interviewed department-level officials from VA and DOD and representatives from several veteran service organizations. Finally, we reviewed published research and studies, including GAO reports, on public-private partnerships; best practices in collaboration, partnering, and organizational transformation; and evaluation criteria. We conducted this performance audit from May 2007 through March 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Appendix I provides additional details on our objectives, scope, and methodology.

Results in Brief

VA and DOD officials and representatives of academic affiliates identified a number of potential benefits and concerns associated with joint

⁷In our Louisiana site visit, we also interviewed representatives from Tulane University about the proposed joint venture. Although the Tulane University Health Sciences Center does not have an ownership stake in the joint venture project, the university does have representatives involved in the process because it has working relationships with VA and LSU.

⁸The remaining VA-DOD joint ventures were located in Anchorage, Alaska; Albuquerque, New Mexico; Fairfield, California; Honolulu, Hawaii; and Key West, Florida. The remaining proposed joint ventures between VA and academic affiliates involve (1) the Medical University of South Carolina and (2) the University of Colorado at Denver and Health Sciences Center and the University of Colorado Hospital.

⁹The management of VA's facilities is decentralized to 21 regional networks referred to as Veterans Integrated Service Networks (networks).

ventures, but little effort has been taken to routinely or comprehensively document and measure them. Among the potential benefits, the officials and representatives with whom we spoke cited improved access to care, lower or avoided costs, and improved training opportunities. For example, officials from several VA-DOD joint venture sites said their joint ventures have enabled them to decrease their patient referrals to VA medical centers in other regions or to local community providers for care, thereby improving access to care and decreasing costs. In addition, in New Orleans, VA officials and LSU representatives said that the proposed joint venture could help in recruiting and retaining highly skilled medical staff by providing such staff with a new facility that offers a range of training opportunities. While the benefits that officials identified are many, these officials and representatives also identified a number of concerns associated with joint ventures, such as potential conflicts of missions and cultures, staffing uncertainties, a loss of organizational identity and control, and financial risks. For example, staffing uncertainties resulting from changes in leadership or the deployment of DOD personnel could affect the continuity and quality of care and access to care for veterans at joint venture sites. Although able to provide anecdotal information of the benefits and concerns associated with joint ventures, officials at the joint venture sites do not use performance measures to routinely or comprehensively document and assess the outcomes of the joint ventures. Without such efforts, it is difficult to know to what extent these benefits and concerns have materialized. VA also does not use performance measures at the department level to determine what is being achieved through the joint ventures, thereby making it difficult to determine the overall outcomes of the joint ventures and to hold joint venture partners accountable for results.

Officials from VA and DOD and representatives from academic affiliates identified several lessons they have learned from their experiences with the existing and proposed joint ventures. These lessons include the importance of establishing joint committees to work through issues, communicating frequently with their partners, securing leadership buy-in and support at all levels, developing contingency plans, allowing adequate time to implement change, and establishing clear roles and responsibilities. For example, at most VA-DOD joint venture sites, officials have created jointly staffed committees to tackle specific issues, such as clinical, financial, and information management. Also, in New Orleans, VA and its academic affiliate signed a memorandum of understanding that provides a framework for collaboration and discussion between the two organizations on a proposed joint venture and identifies the roles and responsibilities of the parties in this process.

VA has taken steps to enhance its process for evaluating proposed joint ventures, but further efforts are warranted. For example, VA established working groups in Charleston and New Orleans to examine proposals for joint ventures with academic affiliates. In addition, in response to our previous recommendations, VA developed and issued criteria for evaluating joint venture proposals in November 2007. However, VA's criteria for evaluating joint venture proposals are not sufficiently specific, in terms of both the definition and the application of the criteria. As a result, VA's evaluations of joint venture proposals could be inconsistent and, therefore, may not serve as a reliable guide for federal investments in joint ventures. In addition, the criteria are not tailored to take into account differences in prospective joint venture partners to help ensure that VA applies the appropriate level of review and scrutiny to proposals.

For VA to develop a more robust framework for evaluating existing and future joint ventures, we are recommending that the Secretary of Veterans Affairs develop departmental performance measures to assess the outcomes of joint ventures and to determine the extent to which strategic goals are being achieved; develop more specific criteria for evaluating joint venture proposals; and analyze the differences among types of joint venture partners to determine whether the criteria should be tailored to the type of partner, and, if so, tailor the criteria. VA and DOD provided written comments on a draft of this report, which are reprinted in appendixes II and III, respectively. VA generally agreed with our findings, conclusions, and recommendations. Also, DOD generally agreed with the report's overall findings. The departments provided technical comments, which we incorporated in the report as appropriate.

Background

VA's Partnerships with DOD

VA has a long history of partnering with DOD to enhance health care delivery to veterans, beginning in 1982 with the enactment of the Sharing Act, which aimed to promote more cost-effective use of health care resources through greater interagency sharing and coordination. Since that time, VA and DOD have participated in a wide array of sharing agreements for the mutual use or exchange of health care resources. Starting in the 1990s, VA and DOD expanded their sharing agreements to

include joint ventures sharing agreements.¹⁰ Joint ventures are intended to avoid costs by maximizing available resources by jointly using a medical facility. According to VA, joint ventures involve a multi-entity, collaborative and strategic arrangement of at least 5 years in duration and a level of magnitude and scale comparable to VA's current major capital threshold (\$10 million). Joint ventures are complex in that they require an integrated approach because two separate health care systems must develop multiple sharing agreements that allow them to operate as one system at one location. VA currently has eight joint ventures with DOD (see fig. 1).

¹⁰In addition to joint venture sharing agreements, VA and DOD participate in local sharing agreements and national sharing initiatives. Local sharing agreements allow VA and DOD to take advantage of their facilities' capacity to provide health care by being providers of health services, receivers of health services, or both. National sharing initiatives are designed to achieve greater efficiencies, that is, to lower cost and improve access to goods and services when they are acquired on a national level, rather than by individual facilities—for example, VA and DOD jointly purchase pharmaceuticals and surgical instruments for nationwide distribution.

Figure 1: Locations of the Eight Current VA-DOD Joint Ventures



Sources: Map Resources (map) and GAO.

VA's Partnerships with Academic Affiliates

For decades, VA has also developed and maintained partnerships, or affiliations, with university medical schools to provide health care to veterans. Through these affiliations, VA has been able to obtain medical services for veterans and provide training and education to medical residents. Although VA maintains numerous sharing agreements with its academic affiliates, it has not yet entered into a joint venture with any of them. However, in recent years, VA has had the opportunity to consider proposed joint ventures with several academic affiliates. In particular:

-
- *University of Colorado Hospital (UCH)*: In the late 1990s, UCH proposed to integrate the VA Denver medical center and UCH into a new joint facility on the Fitzsimons campus, which is located in Aurora, Colorado.¹¹ UCH and VA officials could not reach agreement on certain aspects of the proposal, and, therefore, discussions about a proposed joint venture between VA and UCH concluded in 2002. As required by law, in June 2007, VA issued a report that examined options for replacing its Denver facility, including the feasibility of entering into a partnership for constructing and operating a new facility with a federal, state, or local governmental agency or a suitable nonprofit organization.¹² The report outlined three different options available to VA for replacing the facility and summarized their key advantages and disadvantages.
 - *Medical University of South Carolina*: In 2002, MUSC proposed to partner with VA in the construction and operation of a new medical center in Charleston. Since that time, VA and MUSC have conducted several feasibility studies examining the potential collaboration. In 2006, Congress authorized the VA Secretary to enter into an agreement with MUSC to design and plan for the operation of a colocated joint-use medical facility.¹³ In November 2007, VA officials from the medical center in Charleston told us that VA and MUSC are still exploring a range of collaborative arrangements.¹⁴
 - *Louisiana State University Health Care Services Division*: In 2005, Hurricanes Katrina and Rita damaged VA's New Orleans medical center and LSU medical facilities. In February 2006, VA and LSU signed a memorandum of understanding that established the framework for exploring whether any mutually beneficial sharing and contracting could occur between VA and LSU. In 2006, the VA Secretary was authorized to

¹¹In 1995, the University of Colorado decided to relocate its Health Sciences Center campus, including its affiliated UCH, from downtown Denver to the former Fitzsimons Army Medical Base located in nearby Aurora, Colorado, which was closed as part of DOD's base realignment and closure process. For more information on the proposed joint venture in Denver, see GAO, *VA Health Care: Experiences in Denver and Charleston Offer Lessons for Future Partnerships with Medical Affiliates*, [GAO-06-472](#) (Washington, D.C.: Apr. 28, 2006).

¹²Veterans Benefits, Health Care, and Information Technology Act of 2006, Pub. L. No. 109-461, § 801, 120 Stat. 3403, 3442 (2006).

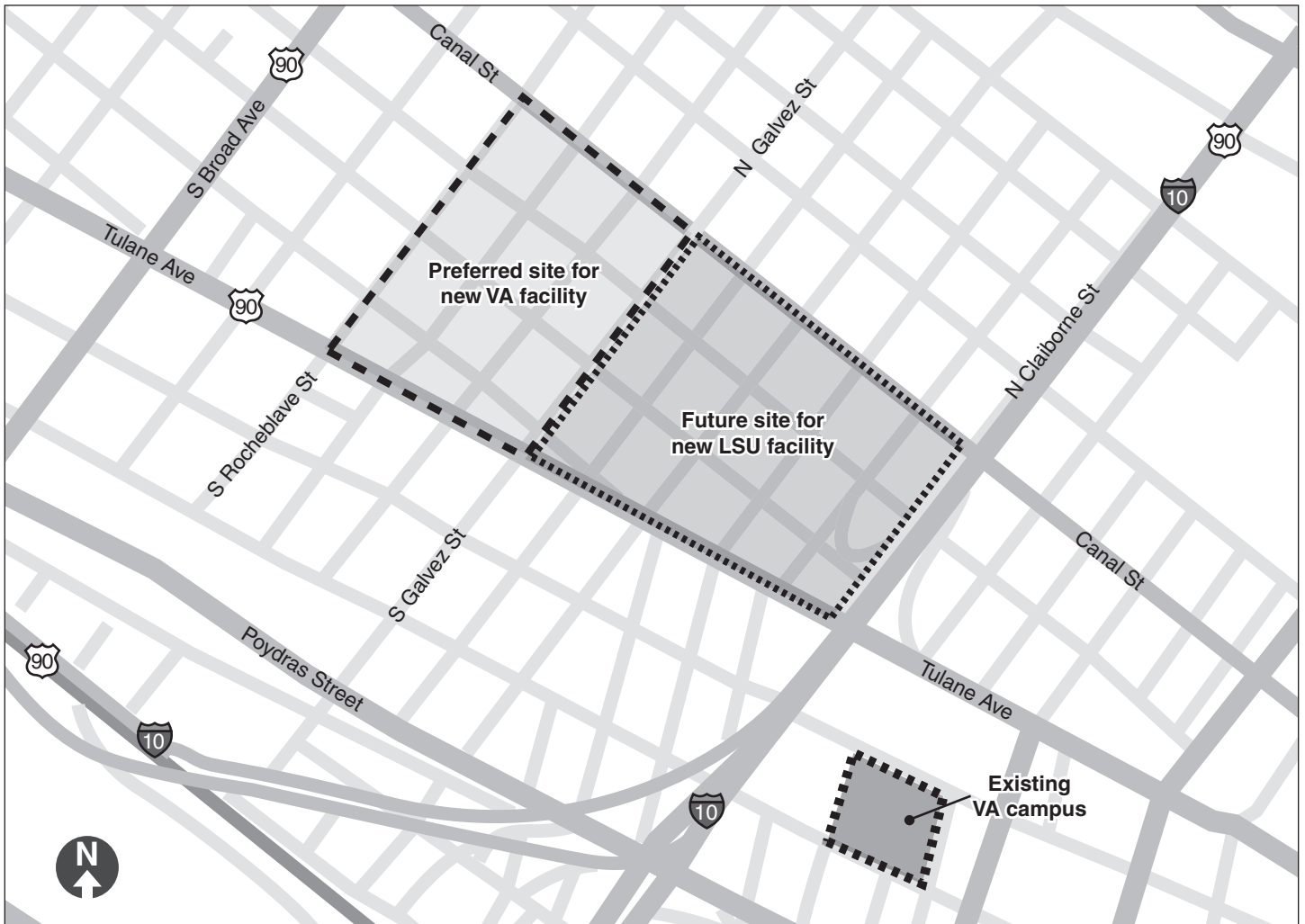
¹³Veterans Benefits, Health Care, and Information Technology Act of 2006, Pub. L. No. 109-461, § 801, 120 Stat. 3403, 3442 (2006).

¹⁴For more information on the proposed joint venture in Charleston, see [GAO-06-472](#).

carry out the project as a collaborative effort with LSU.¹⁵ According to a VA official, no final decision on the proposed joint venture between VA and LSU has been made. However, VA has announced a preferred site for the joint facility in the downtown New Orleans area, adjacent to the site LSU has identified for its new facility (see fig. 2). Although no final decision has been made, the proximity of the preferred sites keeps the possibility of some type of joint facility as an option.

¹⁵Veterans Benefits, Health Care, and Information Technology Act of 2006, Pub. L. No. 109-461, § 801, 120 Stat. 3403, 3442 (2006).

Figure 2: VA's and LSU's Preferred Facility Sites for the Potential Joint Venture Medical Facility



Sources: New Orleans VA officials and GAO.

Congressional and Administration Initiatives Related to VA's Collaboration with DOD and Academic Affiliates

Congress has had a long-standing interest in expanding VA's and DOD's sharing of health care resources. For example, the National Defense Authorization Act for Fiscal Year 2003 required VA and DOD to implement two programs—the joint incentive program and the demonstration program—to increase the sharing of health care resources between VA and DOD.¹⁶ The administration has also encouraged such collaboration between VA and DOD as a means to achieve more cost-effective use of health care resources. For example, in 2003, a presidential task force recommended that VA and DOD declare that joint ventures are integral to the standard operations of both departments and use the existing joint ventures as laboratories for developing future interdepartmental policy frameworks. Congress has also recently encouraged VA to explore opportunities for expanding its collaboration with academic affiliates as a potential cost-effective means of rebuilding and revitalizing VA's aging infrastructure. Table 1 briefly describes selected laws and initiatives that have authorized and encouraged collaboration between VA and DOD as well as between VA and academic affiliates.

¹⁶The Bob Stump National Defense Authorization Act for Fiscal Year 2003 (NDAA), Pub. L. No. 107-314 (2002), required VA and DOD to establish a joint incentive program to identify and provide incentives to implement, fund, and evaluate creative health care coordination and sharing initiatives between VA and DOD. VA and DOD refer to this program as the Joint Incentive Fund program. NDAA also required VA and DOD to establish the Health Care Resources Sharing and Coordination Project to serve as a test for evaluating the feasibility, advantages, and disadvantages of programs designed to improve the sharing and coordination of health care resources between VA and DOD. VA and DOD refer to this program as the Demonstration Site Selection program. (See 38 U.S.C. § 8111(d) and note to 38 U.S.C. § 8111.)

Table 1: Selected Laws and Initiatives Related to VA Collaboration with DOD and Academic Affiliates

Source	Description
VA and DOD sharing - 38 U.S.C. § 8111	
Veterans' Administration and Department of Defense Health Resources Sharing and Emergency Operations Act (Pub. L. No. 97-174)	<p>Established a VA-DOD Health Care Resources Sharing Committee to promote the sharing of health care resources with responsibilities to (1) review existing policies, procedures, and practices relating to the sharing of health care resources between VA and DOD; (2) identify changes to promote sharing; and (3) monitor the implementation of activities designed to promote sharing.</p> <p>Authorized the VA and DOD Secretaries to jointly establish guidelines to promote the sharing of health care resources.</p> <p>Authorized the heads of individual VA and DOD facilities to enter into sharing agreements under the sharing guidelines if sharing did not adversely affect the range of services, the quality of care, or the established priorities for care provided by either department. Each agreement was to identify the health care resources to be shared and to provide reimbursement to the department providing the services.</p>
Executive Order 13214 – President's Task Force to Improve Health Care Delivery for Our Nation's Veterans (2001)	<p>Established a 15-member presidential task force to, among other things, (1) identify ways to improve benefits and services for VA beneficiaries, and DOD military retirees who are also eligible for benefits from VA, through better coordination of the activities of the two departments; (2) review barriers and challenges that impede VA and DOD coordination, including budgeting processes, timely billing, cost accounting, information technology, and reimbursement; and (3) identify opportunities for improved resource use through partnership between VA and DOD to maximize the use of resources and infrastructure.</p>
<i>Department of Veterans Affairs and Department of Defense Health Resources Sharing: Staff Report to the Committee on Veterans' Affairs</i> (2002)	Recommended legislation to achieve more resource sharing between VA and DOD ^a
Final Report of the President's Task Force to Improve Health Care Delivery for Our Nation's Veterans (2003)	Recommended, among other things, that VA and DOD declare that joint ventures are integral to the standard operations of both departments and use existing joint ventures as laboratories for developing future interdepartmental policy frameworks.
Bob Stump National Defense Authorization Act for Fiscal Year 2003 (Pub. L. No. 107-314)	<p>Amended the Sharing Act to establish a program called the Joint Incentive Fund (JIF) to identify and provide incentives to implement, fund, and evaluate creative coordination and sharing initiatives. Required the VA and DOD Secretaries to contribute at least \$15 million annually to a DOD–VA Health Care Sharing Incentive Fund. Initially, JIF was to expire on September 30, 2007, but it was extended, by law, until September 30, 2010.</p> <p>Amended the Sharing Act to (1) establish a VA-DOD Health Executive Committee whose responsibilities were, among other things, to recommend to the two Secretaries strategic direction for joint coordination and sharing efforts and to oversee the implementation of such efforts and (2) conduct a health care resource-sharing project to serve as a test for evaluating the feasibility, advantages, and disadvantages of programs designed to improve the sharing and coordination of health care and health care resources between VA and DOD.</p>
National Defense Authorization Act for Fiscal Year 2004 (Pub. L. No. 108-136)	Established the VA-DOD Joint Executive Committee, whose responsibilities were, among other things, to recommend to the two Secretaries a strategic direction for joint coordination, share efforts between the two departments, and oversee the implementation of such efforts.

Source	Description
Veterans Benefits, Health Care, and Information Technology Act of 2006 (Pub. L. No. 109-461)	Authorized the VA Secretary, in conjunction with the Secretaries of DOD and the Air Force, to report on the placement of a VA Medical Center in Okaloosa County, Florida, including the feasibility of entering into a partnership with Eglin Air Force Base for the construction and operation of a new, joint VA-DOD facility.
John Warner National Defense Authorization Act for Fiscal Year 2007 (Pub. L. No. 109-364)	Extended JIF for 3 years, or until September 30, 2010.
VA and academic affiliate sharing - 38 U.S.C. §§ 8151-8153	
Veterans Hospitalization and Medical Services Modernization Amendments of 1966 (Pub. L. No. 89-785)	Authorized the VA Secretary to enter into agreements for specialized medical resources with hospitals, medical schools, and other medical installations for reimbursement when the exchange of specialized medical resources is determined to be in VA's best interests. Agreements for the exchange of specialized medical resources would be entered into where (1) an affiliate would provide specialized medical resources to VA if it would obviate VA's provision of a similar resource or (2) VA would provide the specialized medical resources to an affiliate at a VA facility that was not being used to its maximum capacity.
Veterans Health Care Eligibility Reform Act of 1996 (Pub. L. No. 104-262)	Expanded the scope of VA's sharing authority to health care resources, which includes the use of space. Authorized the VA Secretary to enter into sharing agreements to acquire or provide the use of space to affiliates in exchange for payment and/or services.
Veterans Health Care, Capital Asset, and Business Improvement Act of 2003 (Pub. L. No. 108-170)	Required the VA Secretary to study the feasibility of coordinating VA's health care services with the pending construction of a new university medical center at the Medical University of South Carolina, Charleston.
Veterans Benefits, Health Care, and Information Technology Act of 2006 (Pub. L. No. 109-461)	<p>Authorized the VA Secretary to carry out the project to rebuild the New Orleans VA Medical Center in collaboration with LSU consistent with the New Orleans Collaborative Opportunities Study Group Report dated June 2006.</p> <p>Required the VA Secretary to report on the feasibility of replacing facilities in Denver, Colorado, and San Juan, Puerto Rico, through a partnership with a federal, commonwealth, state, or local governmental agency, or a suitable nonprofit organization, for the construction and operation of a new facility.</p> <p>Authorized the VA Secretary to enter into an agreement with the Medical University of South Carolina to design and plan for the operation of a colocated joint-use medical facility in Charleston, South Carolina.</p>

Source: GAO summary of selected laws and initiatives related to VA collaboration.

^a*Department of Veterans Affairs and Department of Defense Health Resources Sharing: Staff Report to the Committee on Veterans' Affairs*, U.S. House of Representatives 107th Congress (Washington, D.C.: Feb. 25, 2002).

VA and DOD have also taken steps to improve and expand their health care sharing activities. For example, since 2005, VA and DOD have convened annual conferences to highlight the progress and accomplishments of joint ventures as well as provided a forum for discussing common barriers to success, lessons learned, and best practices. In 2007, VA and DOD established the VA-DOD Joint Market Opportunities Working Group to examine the existing VA-DOD joint ventures and the potential for additional joint ventures. In the first phase

of its review, the working group studied all eight existing VA-DOD joint ventures sites to identify best practices, lessons learned, and challenges. In the second phase of its review, the working group plans to assess potential opportunities for the colocation and comanagement of VA-DOD facilities.

In addition, VA is exploring options to improve its partnerships with academic affiliates. For example, in 2006, VA established a blue ribbon panel to advise the VA Secretary on issues related to a comprehensive philosophical framework to enhance VA's partnerships with medical schools and affiliated institutions. Among other things, the panel will explore the different types of health care partnerships between VA and academic affiliates, including joint ventures, in light of changes of medical education, research priorities, and the health care needs of veterans.

Guidance Related to Strategic Planning and Performance Measures

The National Defense Authorization Act for Fiscal Year 2003 also required VA and DOD to develop and publish a joint strategic plan to shape, focus, and prioritize coordination and sharing efforts within the departments and to incorporate the goals and requirements of the joint strategic plan into each department's strategic plan.¹⁷ In response, VA and DOD approved their initial Joint Strategic Plan in April 2003 to guide the departments' health care resource-sharing activities. The plan is updated annually and included in the Joint Executive Council Annual Report to Congress.

We have reported that there is no more important element in results-oriented management than an agency's strategic planning effort.¹⁸ This effort is the starting point and foundation for defining what the department seeks to accomplish, identifying the strategies it will use to achieve the desired results, and then determining how well it succeeds in reaching goals and achieving objectives. We also previously reported that traditional management practices involve the creation of long-term strategic plans and regular assessments of progress toward achieving the plans' stated goals.¹⁹ Moreover, the Government Performance and Results Act of 1993 requires agencies to set goals, measure performance, and

¹⁷38 U.S.C. § 8111(b).

¹⁸GAO, *Agencies' Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review*, [GAO/GGD-10.1.16](#) (Washington, D.C.: May 1997).

¹⁹GAO, *Program Performance Measures: Federal Agency Collection and Use of Performance Data*, [GAO/GGD-92-65](#) (Washington, D.C.: May 4, 1992).

report on their accomplishments.²⁰ The use of performance measures is a key tool to help managers assess progress toward achieving the goals or objectives stated in their plans. This is also an important accountability tool to communicate a department's progress to Congress and the public.

Officials Identified Potential Benefits and Concerns, but Have Not Used Performance Measures to Document and Assess the Outcomes of Joint Ventures

Officials from VA and DOD and representatives from academic affiliates identified a number of potential benefits and concerns associated with joint ventures, but have not used performance measures to routinely or comprehensively document and assess the outcomes of the joint ventures. The most commonly cited potential benefits of joint ventures include improved access to care, cost savings and avoidances, and improved training opportunities. According to the officials we interviewed, joint ventures also raise a number of potential concerns, including potential conflicts between organizations' missions and cultures, a potential loss of organizational identity and control, and uncertainties associated with staffing. While able to discuss these potential benefits and concerns, none of the officials involved in VA-DOD joint ventures use performance measures to routinely document or assess the outcomes of these endeavors at their facilities. Without this information, the extent to which identified benefits have been achieved and concerns mitigated at joint ventures is unknown. VA also does not use performance measures at the department level to determine what is being achieved through the joint ventures. As a result, VA has only limited and anecdotal information on the results of joint ventures.

Officials Cite a Number of Benefits Associated with Joint Ventures

According to our interviews with officials from VA and DOD and representatives from academic affiliates, the potential benefits of joint ventures range from improved access to care to greater flexibility in the use of staff and other resources.²¹

- *Joint ventures provide improved access to care:* VA and DOD officials said that the existing and proposed joint ventures provide their patients

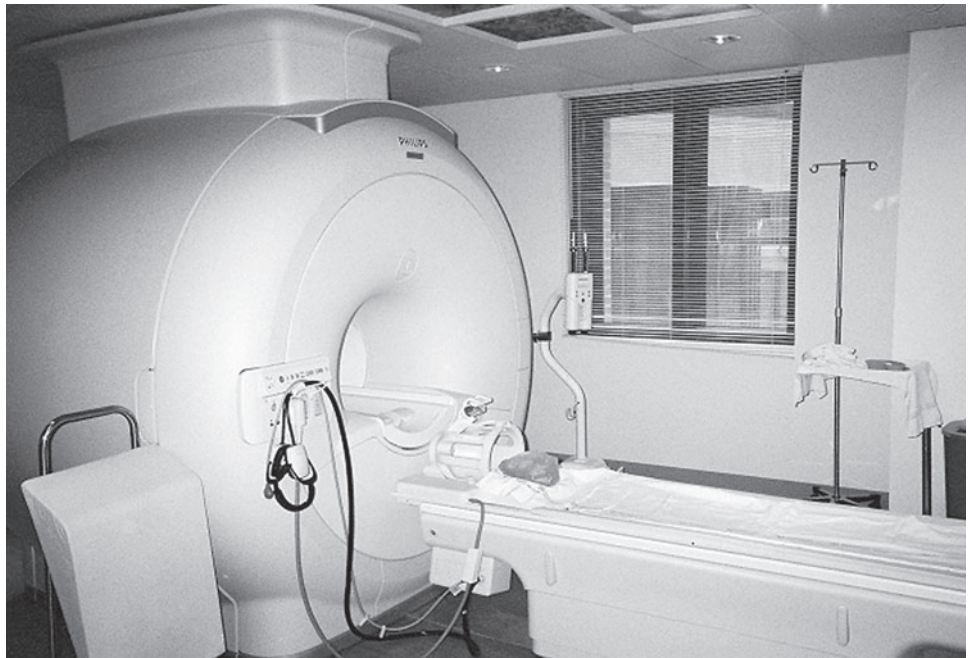
²⁰31 U.S.C. §§ 1115 and 1116.

²¹Many of the benefits of joint ventures that were identified by VA and DOD officials and academic affiliate representatives are similar to benefits associated more generally with health resource-sharing activities between VA and DOD. See GAO, *VA and DOD Health Care: Resource Sharing at Selected Sites*, [GAO-04-792](#) (Washington, D.C.: July 21, 2004); and VA and Defense Health Care: *Evolving Health Care Systems Require Rethinking of Resource Sharing Strategies*, [GAO/HEHS-00-52](#) (Washington, D.C.: May 17, 2000).

with improved access to specialty care and services that may not otherwise be available. For example, VA officials said that veterans in Honolulu have access to orthopedic care at the DOD medical center that would not otherwise be readily available. Similarly, according to LSU representatives, the proposed joint venture between VA and LSU would provide veterans with access to the only Level I Trauma Center in the region. Also, according to DOD officials in Fairfield, the joint venture with VA provides their beneficiaries with access to specialty care, such as neurosurgery, dialysis, and radiation oncology services. VA officials also said that joint ventures have resulted in fewer referrals of veterans to VA medical centers in other geographic areas, and, as a result, veterans do not have to travel great distances to receive care. For example, VA officials in El Paso said that local veterans, who previously had to travel over 250 miles to the Albuquerque VA medical center, can now be treated at the local DOD hospital. VA officials in Anchorage said that before a joint venture with DOD was established there, they referred most of their joint replacement cases to the Seattle VA medical center. With the joint venture, many veterans requiring joint replacement can now be treated at the facility in Anchorage and do not have to travel to Seattle.

- *Joint ventures could reduce or avoid costs:* Many of the officials from VA and DOD and representatives from the academic affiliates told us that joint ventures have resulted in or have the potential to result in lower or avoided costs by creating economies of scale, eliminating redundant or duplicative services, and reducing infrastructure and construction costs. In general, officials at many of the VA-DOD joint venture sites said that purchasing care from their joint venture partner was less expensive than purchasing the same services in the local community from private providers. In addition, officials said they lowered their costs through economies of scale or volume discounts that each agency—working alone—would not otherwise receive. Officials at some joint venture sites said they lower their costs by reducing redundancies and duplication of staffing, equipment, services, and space. For example, in North Chicago, DOD officials estimated that they will save about \$352,000 annually by sharing a magnetic resonance imaging (MRI) machine purchased using joint incentive funds (see fig. 3). In New Orleans, VA officials estimated that a joint facility with LSU would be more cost-effective than a stand-alone facility because a joint operation would enable the partners to share space and facilities, such as laboratories, kitchens, and the energy plant. Several of the officials at VA-DOD joint venture sites said they avoided several million dollars in construction costs by entering into a joint venture rather than building a stand-alone medical facility. Each partner thus expanded the services available to all patients, while avoiding the costs of separate, duplicative medical facilities.

Figure 3: The MRI Machine at North Chicago Purchased by VA and DOD



Source: GAO.

- *Joint ventures offer additional training opportunities:* VA and DOD officials at the existing VA-DOD joint venture sites said that the joint ventures provide educational and training opportunities to meet DOD's readiness mission. Several DOD officials said that the joint ventures give their medical staff opportunities to work on veteran patient cases that are more severe, complex, and varied than cases involving active duty personnel. Such opportunities help the military medical staff sustain their skill levels and provide greater assurance of medical readiness. According to VA and DOD officials we interviewed, joint ventures also offer knowledge-sharing opportunities. For example, in Key West, VA personnel train Navy staff to handle disruptive behavior, while Navy staff train VA personnel in a variety of areas, including basic life support and advanced cardiac life support. Finally, VA officials and academic affiliate representatives said that the educational and training opportunities at joint ventures can serve as a recruitment and retention tool. For example, in New Orleans, VA officials and LSU representatives said that the proposed joint venture—specifically, a new, modern facility and the range of training opportunities that may be offered in the new facility—could help in recruiting and retaining highly skilled medical staff.

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- *Joint ventures increase flexibility in the use of resources:* According to many of the VA and DOD officials and academic affiliate representatives we interviewed, joint ventures offer flexibility in handling fluctuations in staffing and allow more efficient use of space and equipment. Since DOD staff is subject to deployments, VA staff can often help stabilize staffing at VA-DOD joint venture facilities. For example, because VA and DOD staff are extensively integrated among all commonly shared or used work units, DOD officials in Las Vegas said that VA and DOD staff are often seen as interchangeable and can, therefore, fill in for each other as needed, allowing continuity in service and care. LSU officials expected the proposed joint venture with VA in New Orleans to provide a similar opportunity, especially for hard-to-fill and specialty positions. Furthermore, joint ventures can provide additional flexibility with and access to space and equipment, according to officials from DOD and VA. In North Chicago, VA officials described how the joint venture helped them better use their underutilized capacity by integrating VA and DOD medical facilities and expanding the emergency room at the VA medical center. In Albuquerque, VA officials said they were able to use DOD's outpatient facility as backup space when VA's operating room was flooded due to a water leak.

In addition to the benefits previously cited, some VA and DOD officials identified a benefit that is specific to VA-DOD joint ventures—that is, joint ventures support efforts to achieve a seamless transition between VA and DOD. Some VA and DOD officials noted that joint ventures support the Presidential Task Force objective for VA and DOD to collaborate at all levels to ensure a seamless transition for eligible military personnel from active duty to veteran status.²² DOD officials in Honolulu told us that the joint venture agreement with VA and the resulting close working relationship help them to seamlessly transfer beneficiaries from the DOD health system to the VA health system. VA officials at two joint venture sites said that the colocation of the VA and DOD facilities enables them to conduct medical evaluations of active duty personnel before they are transferred to veteran status, which helps to provide a smoother transition.

²²*The President's Task Force to Improve Health Care Delivery for Our Nation's Veterans Final Report* (May 2003).

Officials Acknowledge Potential Concerns Associated with Joint Ventures, but Offer Mitigation Strategies

VA and DOD officials and representatives from academic affiliates also identified a number of potential concerns associated with joint ventures, including maintaining timely access to care, potential conflicts between organizational missions and cultures, staffing uncertainties that can affect hospital operations, a loss of organizational identity or control, the potential to create dependencies, and financial risks. In identifying the potential concerns, they offered examples of the mitigation strategies they have used or could use to manage these concerns. Furthermore, federal statutes serve to safeguard the quality of care and access to care for veterans in a joint venture arrangement, and VA officials noted that veteran service organizations play an important oversight role in ensuring that these provisions are met.²³

- *Joint ventures may not maintain timely access to care:* Limited access to joint venture facilities, resulting from either reduced capacity or increased security procedures, could hinder a patient from obtaining timely care. At a few VA-DOD sites, officials said that their patients may not always be able to access timely care from their joint venture partner because of capacity constraints. For example, in El Paso, VA and DOD officials said that an expected realignment of military personnel in the region may result in an increased demand for medical services. This increase, coupled with limits on available space and personnel, may reduce DOD's ability to meet the demands of both veterans and active duty personnel for timely care. To mitigate this concern, VA officials told us that the El Paso VA office has developed contingency plans, which are reviewed each day, to ensure that care is not delayed or denied to any veteran. Officials at the El Paso VA medical center also maintain a network of health care providers in the community and at other VA facilities. In addition, the high level of security at the military bases that host some of the VA-DOD joint ventures sometimes makes it difficult for the veterans to gain timely access to the medical facility. For example, in Fairfield, DOD officials said that it can be difficult to get VA staff and patients on and off the military base in a reasonable amount of time while adhering to security procedures.

²³The Sharing Act states that each sharing agreement shall specify procedures to ensure that the availability of direct health care resources to individuals who are not primary beneficiaries of the providing department is on a referral basis and does not adversely affect the range of services, the quality of care, or the established priorities for care provided to the primary beneficiaries of the providing department. (See 38 U.S.C. § 8111(e)(3)(D).) When VA enters into an agreement with a health care provider to provide services to nonveterans, the Secretary must determine that veterans will receive priority under the agreement and ensure that an acceptable level and quality of services is maintained for eligible veterans at that facility or will result in the improvement of services to veterans at that facility. (See 38 U.S.C. § 8153(e).)

Furthermore, VA officials in Las Vegas noted that during national emergencies, such as the terrorist attacks of September 11, 2001, the military base can be “locked down” for hours or days, and, therefore, veterans would not then be able to access the base for care. VA and DOD have taken steps to mitigate these access issues. For example, VA and DOD have developed informal “work arounds” at the military base in Fairfield, and, in Las Vegas, VA officials worked with DOD to ensure that veterans can access the base by presenting their veteran identification card.

- *Joint ventures could lead to conflicts between organizational missions and cultures:* Differences in organizational missions and cultures could affect the success of a joint venture. VA officials stated that DOD’s readiness mission may be incompatible in certain situations with VA’s mission to provide quality and timely care to veterans. Similarly, VA officials noted that VA and its academic affiliates have different missions and, at times, competing priorities, which has raised concerns among veterans that they may not always receive appropriate access to equipment and services. A director of a VA medical center said these types of access-to-care issues can be addressed by establishing a protocol during the formation of the joint venture and monitoring to ensure that the protocol is followed once the joint venture is fully operational. Different organizations also have different cultures, which can lead to conflicts. In Honolulu, for example, VA officials discussed differences in VA’s and DOD’s interpretations of certain guidelines, which resulted in friction between the two organizations. However, the officials said these types of conflicts are worked out within the joint venture’s governance process. Although differences in missions cannot be completely eliminated, DOD officials in North Chicago said that using a phased approach to integrate staff, facilities, and services gave both VA and DOD the time to adjust to each other’s staff, culture, and operations.
- *Staffing uncertainties could affect joint venture operations:* Staffing uncertainties, such as those resulting from changes in leadership or the deployment of DOD personnel, can affect the continuity and quality of care and access to care for veterans. At the VA-DOD joint ventures, DOD’s top-level administration rotates command about every 2 years, requiring VA to continually “sell” the concept of a joint venture to the new leadership, according to a VA official. LSU officials also noted that academic affiliates can experience frequent leadership turnovers. To facilitate a smooth transition, officials at one of the VA-DOD sites said that they hold transition briefings, while officials at other sites recommended maintaining documentation of joint policies and decisions to help the new leadership understand the ongoing operational agreements. Officials at

most of the VA-DOD sites also discussed the concerns raised by the deployment of key DOD medical personnel and its potential negative effect on services—that is, when DOD personnel are deployed, the joint venture may not be able to maintain the same level of services or patient load. Although officials at some of the VA-DOD sites said that the integrated operations of the joint venture helped mitigate concerns about the potential impact of deployment, VA officials in Albuquerque said that they decided to mitigate these concerns by eliminating the joint staffing model and moving to an arrangement under which DOD purchases care from VA.

- *Joint ventures may result in a loss of identity or control:* A joint venture could diminish VA's identity by changing a VA medical center from a facility that treats only veterans to a facility with a mixed patient population that is served by providers from different health care systems. The same would be true for the DOD and academic affiliate partners. Since the identity of a VA medical center as a veteran's hospital is important to veterans, initial construction proposals for joint ventures between VA and its academic affiliates in Charleston, Denver, and New Orleans included options to construct separate bed towers for VA and the academic affiliate. Another potential concern is the loss of some level of control. Because a joint venture binds the participating organizations together, one joint venture partner can be affected by the other partner's actions or circumstances—from deployments to changes in leadership or priorities. To mitigate this concern, joint venture partners recommended having governance and contingency plans that delineate roles and responsibilities, establish lines of authority, and identify work-arounds, among other things.
- *Joint ventures may create dependencies:* When partners enter into a joint venture, a concern exists that they may become dependent on each other for equipment and services and not have immediate access to necessary equipment or services if the joint venture arrangement is disrupted or dissolved. For example, VA officials in El Paso said one of their primary concerns is that VA patients will become dependent on services provided by DOD, which could be interrupted or discontinued in the event of a military realignment or deployment. To handle this uncertainty, VA officials said that it is important to have back-up plans for the provision of health care and to maintain relationships with other health care providers in the community. Also, as we have previously noted, VA officials said the El Paso VA office has developed contingency plans, which are reviewed daily, to ensure that care is not delayed or denied to any veteran. LSU representatives also stated that in addition to considering what services and equipment can be shared in a proposed joint venture with VA, it is

important to consider how the partners would separate or discontinue such sharing, if necessary, in the future.

- *Joint ventures may pose financial risks:* Although joint ventures are often viewed as a way to avoid costs by pooling resources, joint ventures also raise some financial concerns, such as the possibility of incurring additional costs. For example, VA officials from two of the eight VA-DOD sites said that certain aspects of the joint venture have resulted in additional costs for their organizations. In addition, a feasibility study conducted by VA and MUSC on the proposed joint venture in Charleston showed that VA would not earn a positive return on investment on any of the joint venture options. Furthermore, joint ventures may have additional costs associated with the projects that would not occur otherwise. For example, a representative from MUSC said that the federal homeland security requirements that apply to a facility's construction and operations and other security considerations, which would apply to MUSC in a VA-MUSC joint venture, would add to the overall cost of the project for MUSC. In addition, joint ventures between federal and nonfederal organizations face more public scrutiny, because of concerns that the federal government may be viewed simply as a source of capital funding or may be financially taken advantage of by the nonfederal partner. To mitigate some of these financial concerns, the VA medical center director in New Orleans stated that joint venture partners should agree that neither partner should make a profit from the joint venture arrangement.

VA Does Not Use Performance Measures to Routinely or Comprehensively Document and Assess Outcomes of Joint Ventures at the Local or Department Level

Although VA and DOD officials at existing joint venture sites identified a number of benefits and concerns associated with joint ventures, they stated that they do not use performance measures to routinely or comprehensively document and assess the outcomes of the joint ventures. For example, VA and DOD officials told us that they do not use performance measures to assess the extent to which the joint ventures produce the identified benefits, such as improved care or lower costs. VA and DOD officials at several joint venture sites said that they have information, such as patient referral rates, wait times and satisfaction survey data, as well as workload and financial statistics that could be used to indicate how the joint ventures are performing. However, officials do not use the information to routinely or comprehensively document and measure the results of the joint ventures for a number of reasons, including the following:

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- The VA-DOD sites have competing priorities for the limited resources that would be required to conduct such assessments, according to officials from several sites.
 - Officials at the VA-DOD sites said that differences in their computer systems and business processes can limit their ability to conduct such assessments.
 - VA officials said that since all of the existing joint ventures with DOD have been congressionally directed, there is little incentive to document or measure the results of the joint ventures.
 - VA officials noted that they are not required to conduct assessments.

Officials at some VA-DOD joint venture sites have done one-time studies assessing certain aspects of the joint venture. For example, DOD officials in Albuquerque said they commissioned a study of the cost of services provided in their network compared with the cost of services provided through the joint venture with VA.²⁴ Officials at several sites also provided examples of projected cost savings associated with JIF projects, which require business case analyses. However, VA and DOD officials at all of the VA-DOD joint venture sites said that they do not routinely or comprehensively assess the outcomes of the joint ventures. Rather, several VA and DOD officials said they intuitively knew they were saving money as a result of the joint venture, but they were unable to provide data to support this belief. Without comprehensive, supporting evidence, the extent to which the cited outcomes have been achieved at joint venture sites is largely unknown.

From a department-level strategic planning perspective, VA has broadly defined what the joint ventures are to accomplish and identified some strategies it will use to achieve the desired results. However, VA does not use performance measures at the department level to determine what is being achieved through its joint ventures and how well VA succeeds in reaching the goals and achieving the desired outcomes. We have previously reported that performance measures are a valuable tool for holding agencies accountable for results, tracking progress toward agency goals, and giving managers crucial information on which to base their

²⁴The study concluded that the joint venture is more cost-effective than using the community. However, DOD officials said this study may no longer be valid under a new reimbursement schedule for VA and DOD.

organizational and management decisions.²⁵ Although VA has over a hundred performance measures that it uses to centrally monitor agency programs and activities, it does not have specific measures for its joint venture activities. The 2003 Presidential Task Force to Improve Health Care Delivery for Our Nation's Veterans also found that none of VA's and DOD's performance metrics measured the depth and breadth of VA-DOD collaboration and sharing, or the impact of successful collaboration on various health care indicators, such as improved access or reductions in the overall cost of furnishing services. Similarly, in March 2006, we found that VA and DOD had not established specific quantitative performance measures to track the progress of their health care resource-sharing activities.²⁶ We concluded that such measures would be a useful tool for VA to help ensure that health care sharing is optimized, and that the departments are cost-efficiently achieving their resource-sharing goals. Furthermore, we recommended that VA develop performance measures that would be useful for determining the progress of their health care resource-sharing goals. Performance measures could also help VA use the existing joint ventures as laboratories for developing future interdepartmental policy frameworks, as recommended by the 2003 presidential task force, by allowing VA to assess what is being achieved through the joint venture, including what is and what is not working.

Officials Identified Lessons Learned from Their Experiences with Existing and Proposed Joint Ventures

Officials from VA and DOD and representatives from academic affiliates identified several lessons they have learned from their experiences with the existing and proposed joint ventures. These lessons included establishing joint committees to work through issues, communicating frequently with their partner, securing leadership buy-in and support at all levels, developing contingency plans, allowing adequate time to implement change, and establishing clear roles and responsibilities.

- *Establish joint committees to work through issues:* Officials at many of the joint venture locations said that establishing joint committees to work through the various issues that arise in developing and implementing joint ventures is helpful. Almost all of the sites had established such

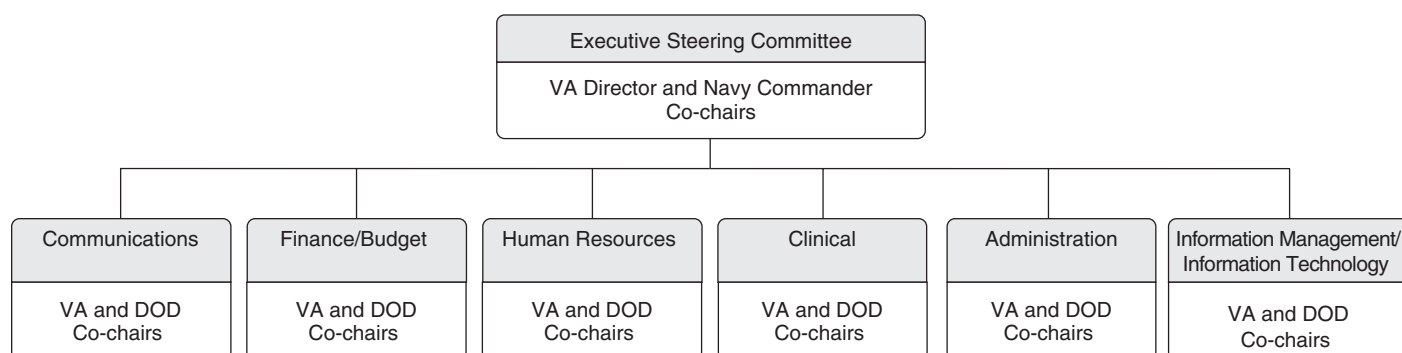
²⁵GAO, *DOD Civilian Personnel: Improved Strategic Planning Needed to Help Ensure Viability of DOD's Civilian Industrial Workforce*, [GAO-03-472](#) (Washington, D.C.: Apr. 30, 2003).

²⁶GAO, *VA and DOD Health Care: Opportunities to Maximize Resource Sharing Remain*, [GAO-06-315](#) (Washington, D.C.: Mar. 20, 2006).

committees, which typically consist of an equal number of representatives from VA and DOD. The joint committee structure allows the officials to work collaboratively in tackling joint venture issues. For example, in North Chicago, the joint committee structure consists of an Executive Steering Group that is co-chaired by VA and DOD and six joint working groups that are responsible for specific issues, such as finance, information management, and clinical issues associated with forming their joint venture (see fig. 4). Similarly, in Las Vegas, all joint venture activities are addressed and monitored through a series of jointly staffed committees, ensuring that both VA and DOD have equal input into joint venture activities and decisions. These committees report to the leadership of the joint venture. In New Orleans, VA and LSU formed a joint venture coordinating committee whose responsibilities include identifying opportunities for sharing information technologies and ensuring the availability of appropriate staffing for all aspects of the joint venture. Our previous work on organizational transformation cites such benefits of establishing jointly staffed teams as creating opportunities for employees from the merging organizations to interact with each other, helping accelerate the merger or transformation process by allowing the parties to learn more about each other, and breaking down organizational silos. Teams composed of a cross-section of individual members can also assist in integrating different perspectives, flattening organizational structure, streamlining operations, and making it easier to work together on future projects.²⁷

²⁷GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, [GAO-03-669](#) (Washington, D.C.: July 2, 2003).

Figure 4: The North Chicago VA-DOD Joint Venture Local Working Groups



Source: GAO.

- Frequent communication between partners is important:* Officials at most VA and DOD sites with whom we spoke said that frequent communication between partners helps reduce confusion, fosters a better work environment, helps ensure that vital information is shared with affected staff, and provides opportunities for each partner to learn from the other. For example, at one site, officials said that frequent meetings between VA and DOD leadership provide a convenient platform for the leaders to discuss joint venture issues, resolve problems, and evaluate a joint strategy or vision for going forward. At another site, the staff meets almost daily to plan and execute decisions related to the joint venture. At the site of a proposed joint venture between VA and an academic affiliate, VA officials adopted a communications strategy to use in communicating with VA’s potential partner, employees, and stakeholders. In our previous work on organizational transformations, we have noted that creating an effective, ongoing communications strategy is essential to implementing significant organizational changes, such as the joint ventures.²⁸ Such a strategy helps to build an understanding of the purpose of the planned change and establish trust among VA and its academic affiliates and stakeholders, such as employees and veterans. A communications strategy can also help ensure that these groups receive a message that is consistent in tone and content. Sharing a consistent message with stakeholders helps reduce the perception that some are more likely than others to get the “real” story when, in fact, all are receiving the same information.

²⁸ [GAO-03-669](#).

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- *Leadership buy-in and support at all levels are vital:* Most VA and DOD officials and academic affiliate representatives with whom we spoke said that leadership buy-in and support play a key role in the success of a joint venture. This lesson is consistent with our previous work on organizational transformation, which indicates that support from top leadership is indispensable for fundamental change, such as a joint venture entails.²⁹ Top leadership's clear and personal involvement in the transformation represents stability for both the organization's employees and its external partners. Top leadership must set the direction, pace, and tone for the transformation. Likewise, when a transformation requires extensive collaboration with another organization, as would be the case with a joint venture, committed leadership at all levels is needed to overcome the many barriers to working across organizational boundaries. Officials noted that forming a joint venture is very challenging and leadership buy-in and support are needed to encourage the partners to work through the challenges. Without such commitment from the top, the officials at one VA-DOD joint venture site said that they would have given up on the joint venture a long time ago because of the number of seemingly insurmountable challenges. Conversely, the proposed joint venture between VA and UCH in Denver did not come to fruition largely because of a lack of leadership buy-in.³⁰
 - *Contingency plans are critical:* Officials from an academic affiliate noted that it is important that joint venture partners develop appropriate contingency plans to ensure continuity of service, and officials from many of the joint venture sites had developed such plans to ensure continued care for their clients. For example, VA officials at several sites said they have contingency plans in place—such as plans to send patients to other health care providers in the community—in case a military deployment threatens to disrupt services or care, or an increased demand for care by DOD beneficiaries reduces DOD's ability to meet VA's demand for care to veterans. As we have previously reported, contingency planning is important because it identifies alternative activities that can be employed to ensure the continuity of an agency's core business operations and will greatly improve response efforts. Not having such a plan in place increases the risk of unnecessary problems in an uncertain situation.³¹

²⁹GAO-03-669.

³⁰GAO-06-472.

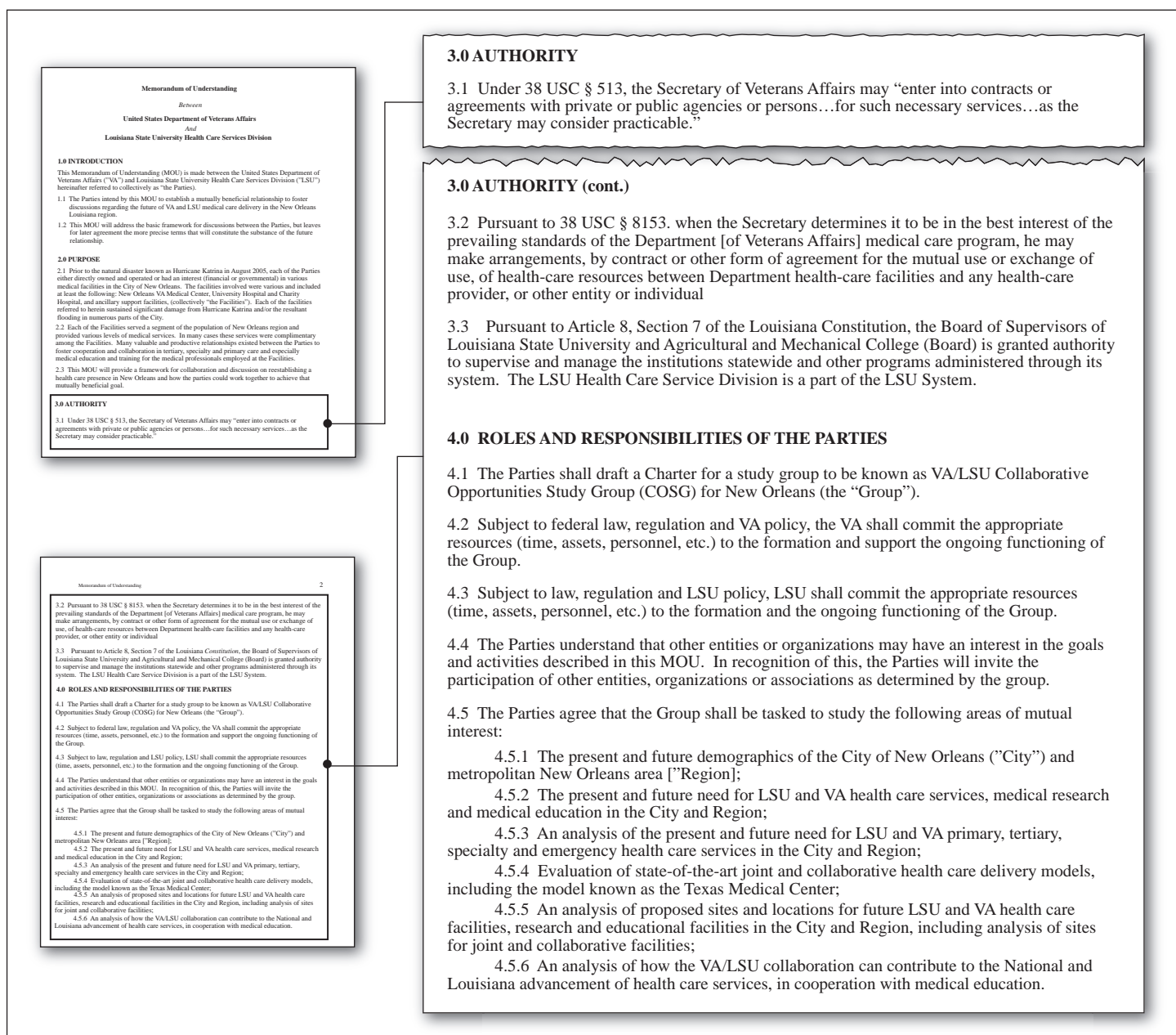
³¹GAO, *Year 2000 Computing Crisis: National Credit Union Administration's Efforts to Ensure Credit Union Systems Are Year 2000 Compliant*, GAO/T-AIMD-98-20 (Washington, D.C.: Oct. 22, 1997).

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- *Allow adequate time to introduce and implement change:* Joint ventures represent a significant change in how VA normally conducts business. As a result, VA and DOD officials told us that the implementation of joint ventures must be managed with care. Officials at one of the VA-DOD joint ventures noted that forming a joint venture often takes years—which helps ensure that the changes are carefully considered. This lesson is consistent with the finding in our prior work on organizational transformations that successful major change management in large private and public-sector organizations can often take at least 5 to 7 years. As a result, we have previously reported that it is essential to establish and track implementation goals and establish a timeline to pinpoint performance shortfalls and gaps and suggest midcourse corrections.³² By demonstrating progress toward these transformation goals, the organization builds momentum and demonstrates that real progress is being made. Similarly, some VA and DOD officials recommended using a phased implementation schedule to help employees and stakeholders get accustomed to the changes.
 - *Clearly define roles and responsibilities:* Many VA and DOD officials and representatives from academic affiliates we interviewed said that clearly defining the roles and responsibilities of each joint venture partner helped to avoid problems such as misunderstandings, duplication, and confusion. Similarly, our previous work on collaboration between organizations suggests that agreeing on roles and responsibilities is important.³³ In particular, collaborating organizations should work together to define and agree on their respective roles and responsibilities, including how the collaborative effort will be led. In doing so, organizations can clarify who will do what, organize their joint and individual efforts, and facilitate decision making. VA, DOD, and academic affiliates have used several techniques to define their roles and responsibilities. For example, at one VA-DOD joint venture site, officials use joint policy letters to document roles, responsibilities, policies, and decisions. These joint policy letters also help to maintain continuity during transitions, such as changes in the top leadership at one of the joint venture partners. In New Orleans, VA and LSU signed a memorandum of understanding that identifies the roles and responsibilities of the parties and provides a framework for collaboration and discussion between the two organizations on a proposed joint venture. Figure 5 shows the VA-LSU memorandum of understanding and highlights the specific roles and responsibilities of the parties.

³² [GAO-03-669](#).

³³ GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005).

Figure 5: The VA-LSU Memorandum of Understanding for the Joint Venture



Sources: New Orleans VA officials and GAO.

VA Has Taken Steps to Evaluate Proposed Joint Ventures, but Additional Efforts Are Needed

VA has taken steps to evaluate proposed joint ventures. For example, VA established working groups in Charleston and New Orleans to examine joint venture proposals with academic affiliates. In addition, in response to our previous recommendations,³⁴ VA developed and issued criteria for evaluating joint venture proposals in November 2007. However, VA's evaluation criteria are not sufficiently specific to ensure consistent evaluations of proposals, and are not sufficiently tailored to ensure the appropriate level of review.

VA Has Taken Steps to Better Evaluate Proposed Joint Ventures

VA has undertaken steps to better assess proposed joint ventures. Specifically, in response to our recommendations, VA developed criteria for evaluating joint venture proposals at the department level.³⁵ The criteria are contained in a handbook that VA issued in November 2007. The handbook represents an important step toward better assessing proposed joint ventures and managing existing joint ventures in that, among other things, it details departmental policy on joint ventures, defines joint ventures, identifies the process for reviewing and approving joint venture proposals, and outlines criteria for use in evaluating joint venture proposals—none of which had previously been developed, documented, or shared with joint venture partners. Developing evaluation criteria is a notable step because, as we have previously noted, the absence of criteria at the department level to evaluate joint venture proposals can result in inconsistent evaluations, misunderstandings, and delays.³⁶ According to VA, the handbook was developed by a working group of over 50 officials from various offices and levels within VA. The working group used a variety of methods to identify the evaluation criteria, including soliciting ideas from VA officials, identifying and analyzing relevant statutes and regulations, and reviewing related published research.

As outlined in the November 2007 handbook, VA's evaluation criteria will be applied in a two-phase review process and will be applicable to all joint venture proposals, including those involving DOD, academic affiliates, and other health care providers.

³⁴ [GAO-06-472](#).

³⁵ [GAO-06-472](#).

³⁶ [GAO-06-472](#).

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- *Phase I:* The first review phase is the initial evaluation of a joint venture proposal. In this phase, VA officials apply a set of criteria, referred to as the screening criteria, to determine if the proposal will be submitted to the department level for consideration. Depending on how well the proposal meets the criteria, VA officials assign it a pass or fail rating. If the proposal receives a pass rating, it moves to the second review phase.
 - *Phase II:* In the second phase, VA officials apply a more robust set of criteria, referred to as comprehensive criteria, to determine if the proposal will be submitted to the VA Secretary for consideration. If the proposal passes the second phase of review, it will be folded into VA's capital investment and budget processes and will compete with other projects for funding. The Secretary will make the final decision regarding whether VA will pursue the joint venture.

In addition to developing the evaluation criteria, VA has taken other steps to better evaluate proposed joint ventures. For example, VA established Collaborative Opportunities Steering Groups and Collaborative Opportunities Planning Groups to study the proposed joint ventures with its academic affiliates in Charleston and New Orleans. The study groups were tasked with analyzing what, if any, mutually beneficial sharing and contracting could be done with each academic affiliate. Composed of VA officials and representatives from the respective academic affiliate, the study groups assessed a range of issues, including sharing options and the clinical, legal, and financial considerations associated with the different sharing options. The study groups were charged with issuing their findings to VA and the respective academic affiliate, which they did in a series of reports.³⁷ The study groups did not make recommendations, but rather they laid out the advantages and disadvantages of the different options examined.

VA's Evaluation Criteria Are Less Useful Than They Could Be

VA's development of criteria for evaluating joint venture proposals represents a step forward in VA's process for assessing joint venture proposals. However, the evaluation criteria are less useful than they could be.

³⁷VA-MUSC Collaborative Opportunities Steering Group, *Ralph H. Johnson Veterans Affairs Medical Center and Medical University of South Carolina: Collaborative Opportunities Steering Group Final Report* (Dec. 7, 2005); and VA-LSU Collaborative Opportunities Study Group, *New Orleans Collaborative Opportunities Study Group Report* (June 2006).

-
- *The evaluation criteria are not sufficiently specific—in terms of both the definition and the application of the criteria:* VA defined most of the screening and comprehensive criteria by outlining the different elements that make up each criterion. While this information is instructive, key elements of some of the criteria are sometimes not defined. For example, one of the screening criteria is “serendipitous win-wins.” Other than instructing VA officials to determine if the proposal offers “unique promise and advantages for enhancing quality,” this term is not defined, and there are no examples of what might be considered a “serendipitous win-win” arrangement. Furthermore, although the handbook identifies a host of criteria that VA officials should consider in evaluating joint venture proposals, it generally does not provide guidance on whether certain criteria are more important than others or how each criterion will be used to make an overall assessment. For example, it is unclear whether all 4 screening criteria, plus their 18 subelements, must be met to receive a passing rating. The lack of specificity in the definition and application of the evaluation criteria could lead to inconsistent evaluations of joint venture proposals—thereby reducing the value of having such criteria in place.

VA officials noted that the lack of specificity in the evaluation criteria reflects, in part, their view of a primary purpose of the criteria. Specifically, they noted that for the working group, a primary purpose of the criteria was to inform potential partners about VA’s requirements for joint venture proposals. VA officials further noted that their familiarity with the processes involved in preparing proposals for community outpatient clinics and joint incentive projects, among other things, will help them to apply the criteria. We recognize the usefulness of the criteria as a communication tool and considered their usefulness for this purpose when we previously recommended that VA develop evaluation criteria and share them with proposed joint venture partners.³⁸ In addition, we recognize that VA officials’ experience with related processes will be useful in applying the criteria. However, our purpose in previously recommending that VA develop evaluation criteria was to ensure that proposals are evaluated consistently across the country. Given that multiple VA officials will be using the criteria to evaluate joint venture proposals, increasing the specificity of the criteria—by fully defining their key elements and the process for applying them—will help ensure that the criteria are applied consistently. Furthermore, given the magnitude of joint

³⁸ [GAO-06-472](#).

ventures compared with other projects, such as joint incentive projects, additional specificity in how to apply the criteria seems warranted.

- *The criteria are not tailored for the different types of joint ventures:* VA plans to apply the same criteria and review process for all joint venture proposals, including those with DOD, academic affiliates, and other health care providers. However, according to some VA and DOD officials we interviewed, there are fundamental differences, risks, and experiences between joint ventures with DOD and joint ventures with other partners that should be taken into account. For example, since VA and DOD are federal departments, both are accustomed to working within the federal framework and following federal laws, regulations, guidance, and procedures—which may not be the case for academic affiliates or other health care providers. Furthermore, both VA and DOD follow the same federal appropriation cycle—which can help to synchronize joint investments. In contrast, academic affiliates or other health care providers may use a different fiscal year. In addition, federal law governs the availability of federal funds—and provides safeguards in the use of those funds, which helps mitigate some of the potential financial risks involved with a joint venture. For example, appropriation law provides that appropriated funds are available only for the objects for which the appropriations were made, except as otherwise provided by law.³⁹ Thus, VA and DOD can spend their appropriated funds only to meet the health care needs of their beneficiaries, and neither department is permitted to pay for the health care needs of the other department's beneficiaries. In addition, the Sharing Act provides for the department providing the health care services to be reimbursed for the cost of the services under a rate of reimbursement determined by the two departments. Finally, VA and DOD have experience developing and implementing joint ventures, whereas VA has not developed a joint venture with any other health care provider. While some of the criteria that VA has found most useful in working through the challenges of forming joint ventures with DOD may be applicable to forming joint ventures with academic affiliates or other health care providers, other criteria may be less applicable or some potentially useful criteria may be lacking.

Conclusions

A number of potential benefits are associated with joint ventures, including improved access to care and reduced costs. As a result, Congress and the administration have encouraged joint ventures between

³⁹31 U.S.C. § 1301(a).

VA and DOD and, more recently, between VA and academic affiliates as a cost-effective means to stretch limited resources and replace aging infrastructure. However, comprehensive information is not readily available on whether joint ventures actually produce all of the identified benefits. Specifically, VA does not use performance measures at the local or department level to routinely or comprehensively assess the outcomes of its existing joint ventures, leaving VA with only limited and anecdotal information on the outcomes of joint ventures. While some of the benefits of joint ventures, such as gaining economies of scale, may be intuitive, and the anecdotal examples provided by officials at different joint venture sites suggest that some benefits are being achieved, the magnitude and extent of such benefits are unknown. Routine and comprehensive information on what is being achieved through the joint ventures could help VA leadership and policymakers make more informed decisions about how to improve the performance of existing joint ventures as well as whether to pursue different joint venture opportunities in the future.

VA's effort to develop criteria for evaluating joint venture proposals is a positive step in improving VA's process for assessing joint venture proposals. However, without more specific criteria for evaluating future joint venture proposals, VA may not improve the consistency of its evaluations as we intended when we recommended that VA develop evaluation criteria. Given the long-term and resource-intensive nature of joint ventures, it is critical that VA have robust criteria that can be consistently applied to distinguish proposals that are in the best interest of our nation's veterans and the federal government from those proposals that are not. Furthermore, although the intent of our previous recommendations was to ensure consistency in the evaluation of joint venture proposals, we also recognize that each proposal could have unique aspects and should be evaluated on its merits and circumstances. To the extent that the application of a single set of criteria to all joint venture proposals excludes consideration of unique but important aspects of individual proposals, VA may overlook differences among different types of prospective joint venture partners that should be taken into account.

Recommendations for Executive Action

To develop a more comprehensive framework for evaluating existing and future joint ventures, we recommend that the Secretary of Veterans Affairs take the following three actions:

- Develop departmental performance measures to assess the outcomes of joint ventures and to determine the extent to which strategic goals are being achieved.

-
- Revise the evaluation criteria for joint venture proposals to ensure they are measurable and specific—both in terms of definition and application.
 - Analyze the differences among types of joint venture partners to determine whether the evaluation criteria should be tailored to the type of partner (e.g., DOD or academic affiliate) and, if so, tailor the criteria accordingly.

Agency Comments

We provided a draft of this report to VA and DOD for review and comment. VA and DOD provided written comments on a draft of this report, which are reprinted in appendixes II and III, respectively. VA generally agreed with our findings, conclusions, and recommendations. VA stated that the report is consistent with VA's direction and ongoing work toward enhancing existing and future joint ventures. As part of this ongoing work, VA's Joint Ventures Working Group is reviewing existing performance measures to develop specific measures for joint venture activities and will facilitate incorporation of the measures into VA's established processes. In addition, the working group will review and refine the proposed evaluation guide on a continual basis. Also, DOD generally agreed with the report's overall findings. The departments provided technical comments, which we have incorporated as appropriate.

We are sending copies of this report to congressional committees with responsibilities for veterans' issues; the Secretary of Veterans Affairs; the Secretary of the Department of Defense; and the Director, Office of Management and Budget. We also will make copies available to others upon request. In addition, this report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staff have any questions on matters discussed in this report, please contact me on (202) 512-2834 or at williamsonr@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix IV.

Sincerely yours,

A handwritten signature in black ink, reading "Randall B. Williamson". The signature is written in a cursive style with a large, stylized "R" and "W".

Randall Williamson
Acting Director, Physical Infrastructure Issues

Appendix I: Objectives, Scope, and Methodology

This report discusses the (1) potential benefits and concerns associated with joint ventures and the extent to which they are documented and measured, (2) lessons learned from existing and proposed Department of Veterans Affairs (VA) joint ventures with academic affiliates and the Department of Defense (DOD), and (3) steps VA has taken to better evaluate proposed joint ventures.

To address these objectives, we used a combination of site visits and semistructured interviews to obtain information for all eight existing VA-DOD joint ventures and for the three proposed joint ventures between VA and academic affiliates. Specifically, we visited three existing VA-DOD joint ventures in El Paso, Texas; Las Vegas, Nevada; and North Chicago, Illinois. We also visited New Orleans, Louisiana, the site of a proposed joint venture between VA and the Louisiana State University (LSU) Health Care Services Division.¹ We used several criteria to select these sites, including geographic dispersion, the maturity of the partnership, the nature of the shared services, the organizations involved in the partnership (e.g., the branch of the military), the structure or framework of the partnership, and the perceived effectiveness of the partnership. We conducted semistructured telephone interviews with officials from the remaining existing and proposed joint ventures.² During the site visits and telephone interviews, we interviewed the parties involved in the existing or proposed joint ventures, including VA and DOD officials and representatives from the academic affiliates. We also performed a content analysis of the information we collected through the site visits and semistructured interviews to determine the benefits and concerns associated with joint ventures, as well as the lessons learned in developing joint ventures that were commonly cited by the officials involved in the VA joint ventures. We also interviewed department-level officials from VA and DOD and representatives from several veterans service organizations,

¹In our Louisiana site visit, we also interviewed representatives from Tulane University about the proposed joint venture. Although the Tulane University Health Sciences Center does not have an ownership stake in the joint venture project, the university does have representatives involved in the process because it has working relationships with VA and LSU.

²The remaining VA-DOD joint ventures were located in Anchorage, Alaska; Albuquerque, New Mexico; Fairfield, California; Honolulu, Hawaii; and Key West, Florida. The remaining proposed joint ventures between VA and academic affiliates involve (1) the Medical University of South Carolina and (2) the University of Colorado at Denver and Health Sciences Center and the University of Colorado Hospital.

including Disabled American Veterans, the Paralyzed Veterans of America, and the American Legion.

In addition to conducting the site visits and semistructured interviews, we reviewed agency documentation, reports, studies, and analyses on existing and proposed VA joint ventures so that we could report on any issues or concerns associated with jointly planning, constructing, and sharing a medical center. For example, we reviewed the VA Strategic Plan Fiscal Year 2006-2011, the VA 5-Year Capital Plan Fiscal Year 2005-2010, the VA-DOD Joint Executive Council Strategic Plan Fiscal Year 2007-2009, VA-DOD Joint Executive Council annual reports, the VA-MUSC Collaborative Opportunities Steering Group final report, and the VA-LSU Collaborative Opportunities Study Group report. We reviewed legal authorities governing the sharing of health resources between VA and DOD, and VA and its academic affiliates, including appropriation and fiscal law authorities.

To identify criteria for possible use in evaluating joint ventures and to help us assess the comprehensiveness of VA's criteria, we reviewed published research and studies, including GAO reports, on public-private partnerships; best practices in collaboration, partnering, and organizational transformation; and evaluation criteria. To identify applicable studies focusing on public-private partnerships for constructing joint public facilities or hospitals similar to VA's joint venture partnerships, we searched literature databases using the following criteria: (1) studies that identified any benefits and risks associated with forming public-private partnerships for hospitals or federal buildings, with a focus on cost savings or risk management; (2) studies that provided lessons learned from previous health-care-related, public-private partnerships, including any factors contributing to challenges or successes; and (3) studies that provided guidelines or evaluative criteria that could be used to evaluate a health-care-related, public-private partnership. After identifying the studies, we reviewed each study to determine its relevance and applicability to our objectives and to ensure the methodological soundness of the non-GAO studies.

We conducted this performance audit from May 2007 through March 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Comments from the Department of Veterans Affairs



THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

February 29, 2008

Mr. Randall Williamson
Acting Director, Physical Infrastructure Issues
U. S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Williamson:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, ***VA HEALTH CARE: Additional Efforts to Better Assess Joint Ventures Needed*** (GAO-08-399) agree with GAO's conclusions and concur with GAO's recommendations. GAO has generally provided a helpful document, which is consistent with VA's direction and ongoing work toward enhancing existing and future joint ventures.

The enclosure specifically addresses each of GAO's recommendations and provides comments to the draft report. VA appreciates the opportunity to comment on your draft report.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James B. Peake".

James B. Peake, M.D.

Enclosure

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***VA HEALTH CARE: Additional Efforts to Better Assess
Joint Ventures Needed***
(GAO-08-399)

To develop a more comprehensive framework for evaluating existing and future joint ventures, GAO recommends that the Secretary of Veterans Affairs take the following three actions:

- **Develop departmental performance measures to assess the outcomes of joint ventures and to determine the extent to which strategic goals are being achieved.**

Concur – VA established the Joint Ventures Working Group under the VA Strategic Management Council in 2007. The Working Group has become a successful collaboration involving more than 60 subject matter experts from the Veterans Health Administration (VHA), Veterans Benefits Administration, National Cemetery Administration, staff offices and VHA field officials working with joint ventures. The Working Group is reviewing existing performance measures and working closely with VA field officials to develop specific measures for joint venture activities.

Proper development of performance measures requires a detailed understanding of operational requirements as well as strategic management processes. This is especially true across departmental structures, processes, and authorities for VA and DoD joint ventures and potentially across public and private structures, processes, and authorities for VA and academic affiliate joint ventures.

In addition, the Working Group is facilitating ongoing VA systems' enhancements that are integral to improving resource-sharing and joint venture operations between VA and DoD or academic affiliates, as well as improved performance measures. As part of this ongoing analysis, the Working Group will develop additional departmental performance measures to assess the outcomes of joint ventures and to determine the extent to which strategic goals are being achieved. The Working Group will facilitate incorporation of measures into established processes including review for potential enhancement of measures on a continual basis. The Working Group will provide the VA Strategic Management Council (SMC) with the proposed departmental measures for its review by the end of FY 2008.

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***VA HEALTH CARE: Additional Efforts to Better Assess
Joint Ventures Needed***
(GAO-08-399)

- **Revise the evaluation criteria for joint venture proposals to ensure they are measurable and specific-both in terms of definition and application.**

Concur – The Working Group designed a new Departmental process for evaluating joint venture proposals and documented it in VA Handbook 0311, *Joint Ventures Program*. The Working Group is beginning to employ the application process. This effort will include an analysis to determine whether evaluation criteria for joint venture proposals need to be more measurable and specific in terms of both definition and application. In addition, the Working Group plans to develop an evaluation guide to ensure optimal application of evaluation criteria.

The Working Group will provide its analysis and the proposed evaluation guide to the VA SMC by the end of FY 2008. This is a new departmental process, which the Working Group will review and refine on a continual basis.

- **Analyze the differences between types of joint venture partners to determine whether the evaluation criteria should be tailored to the type of partner (e.g., DOD or academic affiliate) and, if so, tailor the criteria accordingly.**

Concur – The Working Group will analyze the differences between the types of joint venture partners and determine how tailoring of criteria may be appropriate. The Working Group will provide their analysis and recommendations to the VA SMC by the end of FY 2008.

Appendix III: Comments from the Department of Defense



THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

MAR 12 2008

Mr. Randall Williamson
Assistant Director, Physical Infrastructure Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Williamson:

This is the Department of Defense response to the Government Accountability Office (GAO) draft report, "VA HEALTH CARE: Additional Efforts to Better Assess Joint Ventures Needed," dated February 4, 2008 (GAO Code 541033/GAO-08-399).

Thank you for the opportunity to review and comment on the draft report. The Department concurs with the report's overall findings. Attached are our technical comments for your review and consideration.

My points of contact for additional information are Mr. Ken Cox (Functional) at (703) 681-4258, and Mr. Gunther Zimmerman (Audit Liaison) at (703) 681-3492.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Ward Casscells".

S. Ward Casscells, MD

Attachment:
As stated

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

Randall Williamson, (202) 512-2834 or williamsonr@gao.gov

Staff Acknowledgments

In addition to the individual named above, Nikki Clowers, Assistant Director; Vashun Cole; Elizabeth Curda; Jennifer DuBord; Elizabeth Eisenstadt; Cindy Gilbert; Alexander Lawrence; Susan Michal Smith; and James Musselwhite Jr. made key contributions to this report.

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